

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|  |   |          |
|--|---|----------|
| INVESTIGATION INTO ALLEGED UNAUTHORIZED  | ) |          |
| ACTIVITY OF NCN COMMUNICATIONS, INC.,    | ) |          |
| NATIONAL COMMUNICATIONS NETWORK, AND ATS | ) |          |
| COMMUNICATIONS, INC.                     | ) | CASE NO. |
|  | ) | 90-176   |
|  | ) |          |
|  | ) |          |
| _____                                    | ) |          |
| ALLEGED VIOLATIONS OF KRS CHAPTER 278    | ) |          |

ORDER TO SHOW CAUSE

The Commission has information indicating that NCN Communications, Inc., National Communications Network, and ATS Communications, Inc. (collectively "NCN") has been providing or seeking to provide unauthorized rates and service in violation of KRS Chapter 278, specifically KRS 278.010(3)(e), (10) and (11), and KRS 278.160. Exhibit 1, attached hereto and incorporated herein, contains a proposal for providing service to Western Kentucky University Alumni Association. Exhibit 2, attached hereto and incorporated herein, contains an affidavit by Kevin L. Mason describing an NCN service request from a religious organization. The Commission finds from this information that a prima facie showing has been made that NCN has charged rates and provided service not contained in filed schedules at the Commission in violation of the provisions of KRS Chapter 278 and that an investigation should be initiated regarding any and all unauthorized rates and services being provided by NCN.

IT IS THEREFORE ORDERED that:

1. NCN shall immediately cease and desist from charging any and all rates and charges not contained in schedules of rates and conditions of service filed with and approved by this Commission.

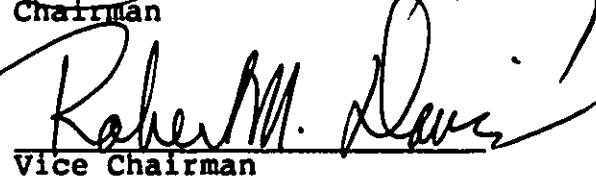
2. NCN shall file within 10 days from the date of this Order all documents pertaining to its provision of service in Kentucky including, but not limited to, rates and conditions of service, promotional sales material, customer applications, a list of customers with addresses, and billing records.

3. NCN shall appear at a hearing scheduled for July 23, 1990 at 9:30 a.m., Eastern Daylight Time, in Hearing Room 1, at the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, and be prepared to show cause why it should not be fined pursuant to KRS 278.990 for violations of KRS Chapter 278 and be required to refund all unauthorized rates and charges collected.

Done at Frankfort, Kentucky, this 28th day of June, 1990.

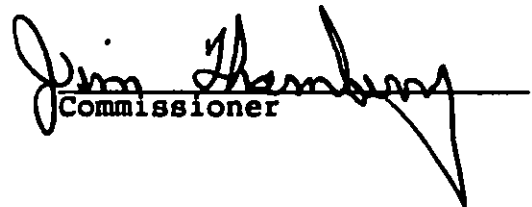
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

  
Executive Director

  
Commissioner

**ATS PROPOSAL  
FOR AFFINITY LONG DISTANCE TELEPHONE SERVICE**

ATS Communications, Inc. of Scottsdale, Arizona hereby requests that Western Kentucky University Alumni Association use the ATS Affinity Long Distance Telephone Service per the enclosed agreement.

**COMPANY INFORMATION:**

The ATS National Office is located at 13230 North 75th Street, Suite 2100 in Scottsdale, Arizona 85260. The office phone numbers are (602) 948-3335 and 948-4213.

ATS Communications, Inc. was founded in 1982 to provide long distance telephone service to Arizona customers. In June of 1989 ATS secured a relationship with MCI to take their services nationwide. While Long Distance services are provided by MCI, ATS specializes in helping non-profit organizations and their supporters by providing funding for the organization and low rates for their members.

ATS Communications, Inc. is a division of National Communications Network (NCN) of Gilbert, Arizona. NCN bills and services ATS customers. All ATS/NCN long distance services are provided by MCI.

The NCN/ATS directors and executive officers are: Jerry M. Gurr, President and Director; Bob Gurr, Executive Vice President and Director; Ronald W. Pratt, Chief Financial Officer and Director; Vaughn A. Stevens, Vice President, Marketing. All can be reached at NCN, 1440 North Fiesta Blvd., Suite 100, Gilbert, Arizona 85234, phone (602) 497-8425.

**CREDIT REFERENCE:**

An ATS credit reference may be obtained by contacting: First National Bank, Main and Center, Mesa, Arizona; Colonial Pacific Leasing, (503) 692-9744; and, First United State Credit Union, (602) 835-6200.

**PUBLIC SERVICE APPROVAL:**

ATS is approved, or approval is pending, in all fifty states to operate as a "reseller" of long distance telephone services.

**GENERAL INFORMATION:**

WKUAA will receive 8% of all long distance usage of any customer that they acquire through their own efforts for ATS. Long distance usage is considered actual usage and does not include discounts or taxes.

There is a one-time two dollar deduction for each customer (for a credit check) from the first commissions paid to the WKUAA.

ATS will provide sample promotional material or will assist the NPO in developing literature.

ATS recently reduced it's rates significantly and are now 3¢ below AT&T's published basic dial 1 rates for interstate calls. The intrastate rates are at least 10¢ below AT&T's published basic dial 1 rates and 4¢ below MCI's (see enclosure).

ATS offers business customers incoming 800 numbers and accounting code packages. The 800 line has it's own rate structure, no installation fee, a \$20.00 monthly service charge, and a Prompt Payment Discount based on usage volume.

Two digit accounting code packages for separating calls by department or individual are available for accurate tracking. Up to 99 codes are available for each line.

A Free Calling Card is available with a 50 cent surcharge (which is less than AT&T, MCI or Sprint). Additional cards may be ordered for \$3.00 each.

The prospective customer fills out an ATS Service Request Form and forwards it to WKUAA. After recording this information, the form is sent to ATS. The customer is entered into the ATS computer and sent to MCI. MCI then notifies the local operating company.

The customer will be billed a small Carrier Transfer Fee from their local operating company of usually less than \$5.00 (the cost to switch in Louisville, Ky was \$1.93). However, to help offset this charge, the customer will receive 30 minutes of free long distance service after three months of usage.

**ATS ONE LONG DISTANCE RATES PER MINUTE:**

Effective October 23, 1989. Subject to change without notice.  
 These rates include a prompt payment discount \* of 10%.

| BAND | MILES     | DAY        | EVENING    | NIGHT/WEEKEND |
|------|-----------|------------|------------|---------------|
| 1    | 0-292     | 18.8 cents | 13.2 cents | 10.3 cents    |
| 2    | 292-430   | 20.8       | 14.4       | 10.3          |
| 3    | 430-925   | 21.6       | 15.0       | 11.9          |
| 3    | 925-1910  | 23.5       | 16.0       | 12.0          |
| 4    | 1910-3000 | 23.5       | 16.1       | 12.0          |
| 5    | 3000-4250 | 25.8       | 19.5       | 14.9          |
| 6    | 4250-5750 | 26.5       | 21.2       | 16.0          |

**AVERAGE ATS SAVINGS COMPARED TO OTHER COMPANIES:**

Day and evening: 3-minute calls. Night/weekend: 4-minute calls.  
 Current as of the effective date.

|            |         | AT&T  | MCI   | SPRINT |
|------------|---------|-------|-------|--------|
| DAY        | UP TO   | 18.0% | 12.4% | 17.1%  |
|            | AVERAGE | 11.9% | 3.8%  | 11.3%  |
| EVENING    | UP TO   | 12.0% | 8.9%  | 8.9%   |
|            | AVERAGE | 5.5%  | 1.2%  | 1.0%   |
| NIGHT/WKND | UP TO   | 14.2% | 10.3% | 1.3%   |
|            | AVERAGE | 8.0%  | 3.0%  | 0.1%   |
| AVERAGE    |         | 8.4%  | 2.7%  | 4.1%   |

**VOLUME DISCOUNTS:**

IF YOUR MONTHLY  
BILL IS

YOUR PROMPT PAYMENT  
DISCOUNT INCREASES TO

\$25.00 - \$99.99

12.5%


\$100.00 - \$199.99

15%

\$200.00 - and up

17.5%

\* The prompt payment discount applies when your payment is postmarked within 15 days of the billing date printed on the bill.



Communications

a division of NCH Communications, Inc.

SERVICE REQUEST

FORM

NPO Name

NPO ID#

Received

On System

Notified

CUSTOMER INFORMATION

☐ Residential
 ☐ Commercial

PLEASE PRINT CLEARLY

in Name, First Name, M.I.  
 al Security Number  
 ling Address  
 y

its
 Zip

eart Carrier

imated Monthly Usage

SERVICE INFORMATION

Enter each telephone number and area code, with large, block numerals. The first number entered will be considered your Primary Billing Number. Please double check the accuracy of each number.

| Area Code            |                      |                      | Number               |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

☐ Check here if you desire a Travel Card

**IMPORTANT**  
In order to save time in processing this form, please enter your name and telephone number EXACTLY as it appears on your local phone bill.

READ CAREFULLY

THIS IS A CONTRACT

I designate AT&T Communications, a division of NCH Communications, Inc., as my primary long distance service provider for 1 + local access calling, and authorize AT&T to notify my local phone company of this change. I understand that my local company may assess a service charge for this change, and that I will be a long distance customer of AT&T/NCH. I will be billed by AT&T/NCH/NCH man.

I accept responsibility for all charges associated with the telephone number listed on this form. I authorize a credit search on my application, and understand that if search provides fraudulent data, AT&T may accept my application only if I include credit card information on the reverse side. I understand that disclosure of credit card information is optional, but that the absence of such information may delay or prevent AT&T acceptance.

If my account becomes 31 days past due, AT&T may charge the balance of my account to my credit card number designated at my option on the reverse side, and if my account becomes 45 days past due, AT&T may elect to disconnect my service. I will receive a 10% to 15% discount on my bill depending on the rate of my bill on most months. If my account is past due 15 days or more at the billing date on my bill, completion of the reverse side is required for commercial accounts.

Signature
 Date

Return completed form to:

### For Residential Accounts

ATTENTION: Please send us all requests. It is not possible to return cards to the cardholder. If you have a card, please send it to the cardholder. If you have a card, please send it to the cardholder. If you have a card, please send it to the cardholder.

Card Expiration Date

Card Number

Card Expiration Date

Card Number

If you have a card, please send it to the cardholder. If you have a card, please send it to the cardholder. If you have a card, please send it to the cardholder.

Previous Address

City

State Zip

Please provide the following information:

Spouse's Name

Spouse's Social Security #

### For Commercial Accounts

☐ I request an Business-Line ID number, to be connected to my telephone number checked on the front of this card.

☐ I request installation and use of the Account Code feature for the telephone numbers provided on the front of this card.

Business Operating or other important business. Completion of this section is required. Please provide the following information:

Last Name, First Name, MI

Social Security Number

Home Address

City

State Zip

Card Expiration Date

Card Number

Card Expiration Date

Card Number

If you have a card, please send it to the cardholder. If you have a card, please send it to the cardholder. If you have a card, please send it to the cardholder.

Previous Address

City

State Zip

**COMMUNICATIONS, INC.**15230 North 75th Street, Suite 2100  
Scottsdale, Arizona 85260**AGREEMENT**

This agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, is between ATS COMMUNICATIONS, INC. (hereinafter ATS), and the organization listed below (hereinafter THE ORGANIZATION):

The parties hereby agree as follows:

|   |      |   |     |
|---|------|---|-----|
| Organization Name                       |      | ATS NPO ID Number (for office use only) |     |
| Person to Contact / Title               |      | Telephone                               |     |
| Mailing Address (No P.O. Boxes, please) | City | State                                   | Zip |

1. ATS agrees to provide long distance telephone service to the constituents of THE ORGANIZATION.
2. THE ORGANIZATION agrees to provide said constituents to ATS through its own efforts.
3. ATS agrees to contribute on a monthly basis to THE ORGANIZATION an amount of eight percent (8%) of the collected ATS long distance billing from each customer THE ORGANIZATION provides to ATS. Said eight percent (8%) amount shall be paid by the twenty fifth (25th) of the month following the month in which it is collected from the customer.
4. ATS reserves the right to accept only those customers who are approved by ATS through its normal credit check process.
5. THE ORGANIZATION agrees to pay to ATS a fee of two dollars (\$2.00) per ATS accepted customer. Said \$2.00 fee shall be deducted from the first monies contributed by ATS to THE ORGANIZATION. There shall be no other charges or fees assessed by ATS.
6. ATS agrees to hold in strictest confidence and not to divulge to any third party the names or other information concerning the customers which THE ORGANIZATION provides, and further, to send to THE ORGANIZATION a complete list of said customers within a reasonable time following a request for such list. ATS further agrees that within 30 days after each anniversary date of this agreement, ATS shall generate and mail to THE ORGANIZATION a report of the monies paid during the preceding year to THE ORGANIZATION from ATS from the long distance usage of each customer which THE ORGANIZATION provides ATS.
7. THE ORGANIZATION agrees to obtain prior written approval from ATS for the use of any printed material, graphic, or text, or content of any audio or video presentation which THE ORGANIZATION may develop and use in presenting the ATS service to any third party. ATS will assign a computer identification number to THE ORGANIZATION. THE ORGANIZATION agrees to use this identification number on all Service Request Forms submitted to ATS.
8. This agreement may be terminated by either party at any time for any reason. In the event ATS terminates this agreement, THE ORGANIZATION agrees to cease any and all activity in connection with ATS and its services. However, in the event of such termination, ATS will continue to pay monies to THE ORGANIZATION, per this agreement, so long as THE ORGANIZATION's existing constituent ATS customers are serviced by ATS.
9. This agreement shall inure to the benefit of the party's heirs, successors and assigns. Any change in this agreement must be duly signed by the parties in writing.
10. This agreement is governed by the laws of the State of Arizona and any dispute by the parties shall be settled under and within the jurisdiction of Arizona law.

Agreed to on the date indicated above.

Organization:

ATS Representative/Rep ID Number:

Title:

ATS Communications, Inc.



A F F I D A V I T

The Affiant, Kevin L. Mason, after being duly sworn, states the following:

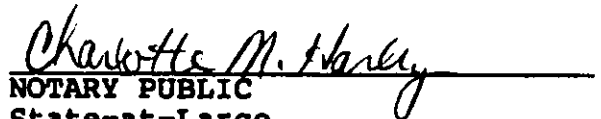
I am employed by the Kentucky Public Service Commission as a Rate Analyst. While attending my religious organization, St. John A.M.E. in Frankfort, Kentucky, on or about May 20, 1990, I was made aware of an offer to our church for telecommunications services through National Communications Network. The service request form attached hereto and incorporated herein was provided to each attendee of my church. Because I work for the Kentucky Public Service Commission, I was aware that National Communications Network is not an authorized utility. I became concerned and provided this information to my colleagues who handle telecommunications matters for the Commission.

After carefully reviewing this service request form, it is my understanding that this is an offer for the provision of telecommunications in Kentucky.

FURTHER THE AFFIANT SAITH NOT.

  
Kevin L. Mason

Subscribed and sworn to before me by Kevin L. Mason this 26<sup>th</sup> day of June, 1990.

  
NOTARY PUBLIC  
State-at-Large

My Commission expires: 2-24-93

**SERVICE REQUEST FORM**

|          |                            |
|----------|----------------------------|
| NCN Rep. | A.M.E. Thirteenth District |
| ID#      | 53-0204696                 |

|          |           |          |
|----------|-----------|----------|
| Received | On System | Notified |
|----------|-----------|----------|

Form 102 February 90

| Customer Information  |                      |
|---|----------------------|
| Residential <input type="checkbox"/>                            | Please Print Clearly |
| Commercial <input type="checkbox"/>                             |                      |
| Name (exactly as shown on a bill from your local phone company) |                      |
| Last Name   |                      |
| First Name  |                      |
| Middle Initial <input type="checkbox"/> MI                      |                      |
| Social Security#  |                      |
| Billing Address   |                      |
| City  |                      |
| State   | Zip                  |
| Present Carrier   | Avg. Bill            |

| Service Information  |        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Enter each telephone number and area code, with large, block numerals. NCN will consider the first number entered as your Primary Billing Number. Please double check the accuracy of each number. |        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Area Code  | Number |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>30 FREE MINUTES</b>   |        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <input type="checkbox"/> Check here if you desire a NCN Travel Card.   |        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| NCN Rep: Your initials in this block indicate your verification that the customer name and phone numbers on this form are exactly as listed on a bill from the customer's local phone company.     |        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| A.M.E.   |        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

| Read Carefully... This is a Contract  |      |
|---|------|
| <p>I designate NCN Communications, Inc. as my primary long distance service provider for long distance, and authorize NCN to notify my local phone company of this change. I understand my local phone company may assess a charge for this change, and I will be a long distance customer of NCN. I understand that NCN is not an affiliate or agent of any other carrier, and I will be billed by NCN at NCN rates.</p> <p>I accept responsibility for all charges assessed with the telephone numbers listed on this form. I authorize a credit search on my application, and understand that if such search provides insufficient data, NCN may accept my application only if I include credit card information on the reverse side. I understand that disclosure of credit card information is optional, but that the absence of such information may delay or prevent NCN acceptance.</p> <p>If my account becomes 31 days past due, NCN may charge the balance of my account to my credit card number designated at my option on the reverse side, and if my account becomes 45 days past due, NCN may disconnect my service. I may participate in NCN's Prompt Payment Discount program for interstate and international calling. Completion of the reverse side is required for commercial accounts.</p> |      |
| Signature   | Date |
| X   |      |

NCN Long Distance Service Provided By Major National Carriers

PLEASE COMPLETE REVERSE SIDE

Return this completed form to  
NCN

P.O. Box 752018, Memphis, TN 38175

|   |                 |
|---|-----------------|
| <b>NCN verifies credit on all applications. If unable to obtain sufficient credit data, NCN will accept your long distance Service Request Form only with your Visa, MasterCard, or American Express credit card number. List at least one credit card (two desired):</b> |                 |
| Card  | Expiration Date |
| Card Number   |                 |
| Card  | Expiration Date |
| Card Number   |                 |
| <b>If you've lived at your present address for less than one year, please provide the following additional information.</b>   |                 |
| Previous Address  |                 |
| City  |                 |
| State   | Zip             |
| <b>Please provide the following additional information.</b>   |                 |
| Spouse's Name   |                 |
| Spouse's Social Security #  |                 |
| <b>Request an NCN Business-Line toll number, to be connected to my telephone number circled on the front of this card.</b>  |                 |
| <b>Request installation and one of the NCN Account Code feature for my telephone numbers printed on the front of this card.</b>   |                 |
| <b>Business Owner/Manager or other responsible individual</b>   |                 |
| <b>Completion of this section is required.</b>  |                 |
| <b>Please provide the following personal information</b>  |                 |
| Last Name, First Name, MI   |                 |
| Social Security #   |                 |
| Home Address  |                 |
| City  |                 |
| State   | Zip             |
| <b>List at least one credit card (two desired):</b>   |                 |
| Card  | Expiration Date |
| Card Number   |                 |
| Card  | Expiration Date |
| Card Number   |                 |
| <b>If you've lived at your present address for less than one year, please provide the following additional information.</b>   |                 |
| Previous Address  |                 |
| City  |                 |
| State   |                 |